

CSSB 1001(FIN)

Amendment No. 1 by Senator(s) Phillips:

AM NO 1 ADOPTED Y12 N6 A2

Page 1, line 9 through page 3, line 19,

Delete all material.

Insert:

Question

Preamble: The people of Alaska created the Alaska permanent fund to save a portion of Alaska's petroleum revenue for the future. After investing those savings, the original intent and purpose was to then use the earnings from those investments when Alaska's petroleum revenues declined. Petroleum revenues have now declined substantially and are forecast to continue to decline. Our reliance upon declining oil production and volatile oil prices constitutes an unsustainable state budget system. The governor and state legislature seek the public's judgment in adopting a stable and sustainable long-term balanced budget plan.

Balanced Budget Plan: This will preserve the permanent fund dividend, inflation-proof the permanent fund, support public services, and establish a citizens' balanced budget task force. Please mark "yes" or "no" on this plan.

The balanced budget plan will:

- (1) Spending Reductions: Continue state general fund budget reductions for a combined total of at least \$60,000,000 for fiscal years 2000 and 2001. Submit a proposed constitutional amendment to the voters that would reduce the base amount of annual appropriations in art. IX, sec. 16, Constitution of the State of Alaska, and make other changes to establish a meaningful appropriation limit.
- (2) Permanent Fund Protection: Guarantee the Alaska permanent fund principal is untouched. The principal of the fund is inflation proofed to protect its value for all Alaskans, including future generations.
- (3) Permanent Fund Dividends: Guarantee a dividend is paid to qualified Alaska residents at a minimum of \$1,700 in 1999 and \$1,700 in 2000 and thereafter, approximately \$1,348 and higher. Beginning in 2001, the Constitutional Budget Reserve and the Permanent Fund Earnings Reserve will be combined. In determining the market value for the calculation of the dividend, this new account will be joined with the principal of the permanent fund. After accounting for inflation-proofing, the dividend will be based on 50 percent of the annual earnings payment of these combined accounts.
- (4) Earnings Reserve Usage for Public Purposes: After payment of permanent fund dividends and inflation-proofing the Fund, the remaining annual earnings payment will be prioritized for usage for education, public safety and transportation.
- (5) Accountability: Expenditures from the combined account will be fully disclosed on each annual permanent fund dividend check.
- (6) Balanced Budget Task Force: Establish a Citizens' Balanced Budget Task Force to present options to further reduce state spending and identify appropriate future revenue sources.
- (7) Income Tax: No personal income tax will be required as part of this plan.

Question: After paying annual dividends to residents and inflation-proofing the permanent fund, should a portion of Permanent Fund Investment Earnings be used to help balance the state budget?

Yes []

No []

This amendment text is provisional. Please refer to the certified journal text.